

SOUTH AFRICA IN CONTRIBUTING AFRICA'S STABILITY

<http://www.sanews.gov.za/south-africa/sa-contributing-stability-efforts-africa>
<http://www.sanews.gov.za/south-africa/sa-prioritise-regional-integration>

South Africa has been committing to prioritize the African continent by strengthening the African Union and its structures since 7 years ago. South Africa believes that it is important to strengthen regional integration with particular emphasis on improving the political and economic integration of SADC, towards the African Union goal of a Union government. The establishment of South African Development Partnership Agency was to promote developmental partnerships with other countries on the continent. The International Cooperation, Trade and Security (ICTS) Cluster is forging ahead with their vision to "Create a better South Africa, contribute to a better and safer Africa in a better world". This cluster is contributing to the peacekeeping on the continent and maintaining Africa's commitment as per the decisions of the African Union Peace and Security Council and the United Nations Security Council (UNSC).

Pretoria, to be precise, pri-

oritized its relations with fellow African States and ensuring that there is peace in these sister countries. Pretoria was updating the nation on the progress made in the implementation of the cluster's Programme of Action (PoA) towards achieving the goals of the NDP" vision 2030. In Democratic Republic of Congo (DRC), it will continue their participation in the UN Peace Support Operation on the Democratic Republic of Congo (DRC). The Armed Forces of the Democratic Republic of Congo (FADRC) is supported by the South African National Defense Force with training and assistance in military strategy. In Mozambique, South Africa is involved in anti-piracy operations and in Lesotho, SADC Double Troika helped the country with capacity building through technical workshops.

South Africa is currently prioritizing relations with African states for regional integration that in line with African Union Agenda 2063. President

Jacob Zuma actively engaged his counterparts in cementing the country's bilateral relations with Namibia, Kenya, Zimbabwe and Botswana. The objective is to evaluate the progress of the regional integration programme and how it improved in-

frastructure development, sector of water, roads and energy, the movement of goods and service, evaluating trade flows, and also the movement of people which includes skills capacity sharing and development.

(MN)

ASEAN ECONOMIC INTEGRATION: OPPORTUNITIES AND CHALLENGES THAT LIE AHEAD

<https://intpolicydigest.org/2016/01/06/asean-economic-integration-opportunities-and-challenges-that-lie-ahead/>

<http://www.straitstimes.com/asia/se-asia/asean-integration-opens-up-opportunities>

<http://asean.org/asean-economic-community/>

ASEAN leaders adopted the ASEAN Vision 2020 in hoping to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations while creating a community that lived in shared stability and prosperity. The purpose of establishing an integrated economic community is to accelerate economic growth, enhance trade development in the region, and allow the freer movement of goods, services, skilled labor, and capital.

Background

The 1997 Asian financial crisis generated substantial macro-

economic fundamental effects, including a collapse of Asian stock markets, devaluations of domestic currencies, and a reduction in asset prices throughout Asian countries. Many businesses collapsed which in turn condensed per capita income for millions of people in the region.

Following the crisis, ASEAN leaders discussed creating economic policies that would both support economic growth and protect the region from any potential future economic shocks. Consequently, the ASEAN Economic Community (AEC) emerged as an apparatus for meeting these needs. The estab-

lishment of the AEC is a major milestone in the regional economic integration agenda in ASEAN, offering opportunities in the form of a huge market.

The AEC Blueprint 2025, adopted by the ASEAN Leaders at the 27th ASEAN Summit on 22 November 2015 in Kuala Lumpur, Malaysia. The AEC Blueprint 2025 consists of five characteristics, namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) Enhanced Connectivity and Sectoral Cooperation; (iv) A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN; and (v) A Global ASEAN. The AEC Blueprint 2025 will lead towards an ASEAN that is more proactive, having had in place the structure and frameworks to operate as an economic community, cultivating its collective identity and strength to engage with the world, responding to new developments, and seizing new opportunities.

Opportunities

As a region, ASEAN has dramatically outpaced the rest of the world in growth of GDP per capita. According to a study, in 2000, 14 percent of the re-

gion's population was living below the international poverty line of \$1.25 a day (calculated in purchasing-power-parity terms). There is a substantial list of opportunities associated with AEC integration. For instance, economic integration provides opportunities to boost economic stability in the region. Another benefit is that integration would turn ASEAN into a more competitive region within the world economy. A stronger regional economy will help to improve the living standards of the ASEAN population by reducing poverty through economic development.

The efforts by ASEAN governments and the private sector to promote productivity, technology and innovation can further regional economic integration, said Ambassador-at-Large Ong Keng Yong. The ASEAN Economic Community (AEC) can open up growth opportunities, particularly for small and medium-sized enterprises (SMEs). In addition the efforts are under way by ASEAN governments to reduce tariffs and non-tariff barriers. SMEs can capitalize on the AEC, which is an integrated market and production base of more than 620

million people that could expand to more than three billion through the Regional Comprehensive Economic Partnership (RCEP). The AEC and RCEP could help SMEs attain economies of scale and increase their participation in the global value chain. But firms would also face intense competition from multinationals and cheap imports. This means businesses must develop resilience and sustainability through capacity-building to sharpen their competitiveness. SMEs must keep pace with globalization, trade liberalization, advancement of production processes and technology. The need for SMEs to have access to finance and markets, adding that ASEAN governments can help by enhancing the regulatory environment. They also need to improve infrastructure development, including broadband access, to facilitate connectivity. Promoting entrepreneurship and human resources to boost SME development is also important. Noted that ASEAN countries need to work together and navigate through the interests of powerful neighbours and the bewildering technological developments affecting the marketplace and society.

ASEAN member countries expect to achieved greater economic cooperation in the areas of financial policies, trade, and human capital. AEC integration will also serve to promote goods and services, investment, labor mobilization, and mobilization of capital. The ASEAN region could potentially become a highly competitive economic union operating as a single market. ASEAN also intends to improve regional agricultural and industrial utilization, as well as expand trade, and improve transportation and infrastructure. Labor-force expansion and productivity improvements have driven GDP growth in the ASEAN region.

Challenges

ASEAN is an economic region which has diverse patterns of economic development. The majority of ASEAN countries are categorized as low middle income countries, whereas a few are positioned better economically. The existing income inequality gap among some of the ASEAN countries could become even wider post AEC integration. It is important to highlight that there are structural and institutional differences across the

10 member ASEAN countries, and consequently, these countries can be expected to have different levels of economic growth and subsequent economic development. Here are some of the challenges that ASEAN has to face:

Some ASEAN countries have high inflation rates. This could result in dissimilar price levels and unequal purchasing power across ASEAN member countries, giving some countries the ability to purchase more goods of another member country. Also, different levels of inflation could result in different levels of investment. This could inadvertently lead to some sectors and industries incurring economic losses and to some workers in the less economically stable countries to consider migrating to more economically prosperous member countries. Many of the ASEAN economies are currently in vastly different stages of development, with large differences between high-saving economies and low-saving economies. There is the possibility of witnessing highly disparate levels of economic development, interest rates, and exchange rates across member countries. As a result, govern-

ments could face some challenges in stabilizing macroeconomic and financial conditions under an integrated economic system.

There is also a high degree of political and socio-cultural diversity among ASEAN countries which makes economic integration challenging. ASEAN member countries have disparate existing levels of capital market development and financial regulations. Some of the ASEAN member countries do not have the appropriate financial sector regulation and infrastructure necessary for a seamless integration process. We can expect that there will be challenges associated with capital market development, financial services liberalization, capital account liberalization, and an eventual ASEAN currency cooperation.

AEC will also incur costs related to institutional strengthening, costs related to monitoring and evaluating the regional systems within the economic framework, and costs related to developing and managing the regional systems necessary for an effective economic integration. One could also expect other costs to rise, such as those related to urbanization as millions of citizens migrate from rural areas to cities

in search of economic opportunities. As most of the ASEAN member countries grow and expand their economic activities, there will be additional costs related to climate resiliency and environmental sustainability.

The ASEAN region sits at the intersection of global flows. Intraregional trade in goods is likely to increase with the implementation of AEC as is overall economic growth. To realize the full potential of the AEC, better management of structural and institutional change is needed, in addition to ensuring that economic gains lead to shared prosperity among the population.

The success of ASEAN eco-

nomie integration will depend on how it influences the labor market – and consequently on how it improves the quality of life of women and men in the region. In order to take full advantage of economic growth, the region must develop its human capital and workforce skills, while addressing income inequality and gender inequality. In order for ASEAN to become more globally competitive in a wide range of sectors and industries, it must invest in institutions, infrastructure, education, on-the-job-training, and in allowing women to participate more in the regional economy.

(RGN)